

"All that is necessary  
for the triumph of  
evil is that good  
men do nothing . . ."  
— EDMUND BURKE.



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## THE ROLE OF SOCIAL CREDIT IN RESTORING CLASSICAL CONSERVATISM by M. Oliver Heydorn Ph.D

In a brilliant and insightful article entitled “The Tory Tradition” (reprinted in last month's issue of *The New Times Survey*), Michael J. Connolly outlines the salient features of Toryism, or what might be termed ‘Classical Conservatism’, in a cohesive, clear, and more or less complete manner:

<https://theimaginativeconservative.org/2020/07/tory-tradition-michael-connolly.html>.

Before we go any further, it is necessary to emphasize that the Toryism that is being described in Connolly’s article is not to be confused nowadays with the views of this or that ‘Conservative’ political party. These parties have often hijacked the term ‘Tory’, just as the Chinese Communist Party has, in more recent times, hijacked the word ‘Social Credit’. The true nature of Toryism is a vitally important thing for Social Crediters, in particular, to carefully consider and to properly grasp because, on more than one occasion, Douglas identified himself as a Tory, in both temperament and mentality:

*“I am a Tory.”<sup>[1]</sup>*

*“Temperamentally, I am a non-party Tory, not a Liberal, but my chief objection to Liberalism with a capital letter is that while many of its expressed sentiments were admirable, most of its major policies were abominable. Quite in the modern technique, in fact.”<sup>[2]</sup>*

*“To the extremely small extent that I can be said to have any party politics, I am a Conservative. In my opinion this is a conservative country, although it has been for many years, and is, governed by Whig policies. If I can do even a little to awaken you to a consciousness of what I mean by that, I shall be especially gratified.”<sup>[3]</sup>*

Indeed, Social Credit itself, as a social vision involving monetary, economic, and political reform, is firmly ensconced in a broader Tory framework.<sup>[4]</sup> That is to say, Social Credit is the fruit of authentic Tory thinking and it is also the necessary means, as I hope to soon illustrate, for the restoration of an authentically Tory political regime. In the words of the Canadian Social Credit Secretariat that were published immediately after the election of 30-odd Social Credit MP’s to the Canadian Parliament in 1962:

*“... Social Credit policy is traditional Tory-ism or genuine conservatism expressed in terms applying to industrial capitalism. In a world in which liberal, socialist, and other ‘left-ist’ policies are dominant, Social Credit, as an expression of genuine conservatism appears revolutionary in nature – as indeed it is. A free society rooted in the Christian ethic, which is the goal of traditional conservatism, can be achieved only by bringing to birth a new civilization involving a fundamentally changed viewpoint of human relationships with the nation.”<sup>[5]</sup>*

Unfortunately, but not surprisingly, in his article on the Tory tradition Dr. Connolly does not address the key issue of the financial system. As Eric Butler once wrote in his masterful “Financial Ignorance: the Achilles’ Heel of the Conservative Movement”: “The Achilles heel of the conservative movement everywhere is its failure to grasp the financial and economic realities of the modern industrial age.”<sup>[6]</sup> The situation has not fundamentally changed since Butler published that article decades ago.

From an authentically Tory standpoint, the existing financial system presents two major problems and these problems, though seemingly opposed in character, are nevertheless intimately connected. The second problem, which is the more menacing threat in the final analysis, grows adventitiously in response to the first.

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To begin with, the financial system that we have in place in most of the world is essentially a Liberal system through and through. It is a system designed by Whigs for Whigs. That is, in keeping with the briefest description of Liberalism once provided by Thomas Jefferson: “That government is best which governs least”, the existing financial system is built on the idea that banks should have the right, within the broadest of limits, to pursue their own policies, their own objectives, at the expense of the common good and the public interest.<sup>17</sup> Far from ensuring that banking operations should serve efficiently and effectively the public interest, the government is to have no right, beyond the basic functional necessities implied in maintaining some minimum level of economic stability, to interfere with private banking policy and hence with the operations private banking. “Hands off of banking” is the Liberal cry. While it may be couched in terms of individual freedom (so-called) or anti-socialism, etc., what is really desired is: a) the freedom for a few to operate a monopoly, the monopoly of credit, for maximum private benefit in the form of centralized financial rewards, power, and privilege, and therefore b) the freedom to exploit and burden others as the necessary means to that objective.

The problem with a Liberal or Whiggish financial system from a Social Credit and indeed objective perspective is that it is not designed to ensure that the financial system will successfully fulfill its first and most important duty, its *raison d'être* or fundamental purpose as an economic organ: the automatic and accurate reflection in figures of the real economy, including both its potential to produce and its flow of real production.<sup>18</sup> Like a thermometer, finance should impartially register: a) our physical capacity to produce desired goods and services in the form of adequate producer credit (which implies that there can be no arbitrary or self-serving restrictions on the credit that can be created and issued in order to catalyze production) and b) our physical capacity to consume the available flow of goods and services in full (which implies that there can be no arbitrary or self-serving restrictions on the credit that can be created and issued in the form of income ... in order to ensure that there is adequate consumer purchasing power to both clear the market via distribution to the consuming public and to cover all production costs). Our present financial system, of which banking is a major part, does not adequately or accurately satisfy either requirement. Instead, freedom for private gain necessitates freedom from truth; i.e., finance's ‘freedom’ is freedom from the obligation to serve as a neutral tool, as the humble servant of the real economy. Real people pay the price, the opportunity cost of this ‘freedom’, in increased economic dysfunctionality.

As has been explained repeatedly in Social Credit literature, the consequences of tolerating a systemically or structurally dishonest financial system are legion. Failing to fill the recurring price-income gap with a sufficient flow of ‘debt-free’ credit allows the private banking system the opportunity to fill it via the creation of additional debt-money, as, when, and where it most suits their vested interests. This makes governments, businesses, and consumers ever-more indebted with long-term debt obligations as they borrow and borrow again to meet the demands that the price system makes on the whole economy. Beyond the ever-increasing indebtedness and the usurious interest that is often charged on these debts, phenomena as varied as: poverty in the midst of plenty, servility in place of freedom, economic instability and recurrent economic crises, steady inflation, economic conflict, forced economic growth and inefficiency, social problems, mass migration, war, and environmental degradation are intimately linked to the existing debt-money system and to its constitutional inability to provide us with an accurate picture of the real economy.

Indeed, ironically or not, as increased government spending using borrowed money that is newly created for that purpose is one of the main and most advantageous ways of filling the price-income gap (debt-money spent on government production adds to the flow of incomes in the here and now, but doesn't have to be paid back in taxes for some years or even decades to come), the Liberal financial system actually occasions the rise of socialism. As governments at all levels are faced with a myriad of economic, social, cultural, political, and environmental problems that are caused by the gap and by the conventional methods the current financial system employs in attempting to compensate for it, they necessarily become bigger and more powerful. They interfere more and more in economic and social life via increased regulation and increased spending on government works and production. They tax more heavily and so forth. A good portion of that regulatory intrusion and spending is to create pointless “make-work” in order to buttress the general level of employment. The other portion of it is to help mop up, or at least to appear to be mopping up, the economic and social fallout of a dishonest and dysfunctional financial system. On this analysis, the collectivist side of politics is simply “the other side” of the liberal dialectic coin; the latter creates the opportunity, indeed the need, for the cancers of socialism and cultural Marxism to grow.

It will prove difficult if not impossible to try to establish or re-establish a society that is politically and culturally Tory on the basis of a financial foundation that is Liberal in orientation. If one wishes to erect a new Tory building in place of the crumbling edifice of a Liberal individualism rotting away with Marxist

termites, the present financial foundation must be dug out and replaced with a new financial system which will protect, foster, and facilitate Tory aspirations. It is my conviction that Social Credit constitutes the needed system. In lieu of a Social Credit monetary reform there is no realistic hope of rehabilitating the social order along saner lines. Furthermore, even the little that still remains of a Tory regime must eventually dissipate and fade away under the influence of artificial financial pressures and imperatives.

As Douglas once put in his 1924 book entitled *Social Credit*, unless and until Finance, the elephant in the room, is properly dealt with from a truly ‘Conservative’ perspective, it threatens to bring down the whole of society and to put an end to the experiment of Western Civilization:

*“There will probably come well within the lives of the present generation, a period at which the blind forces of destruction will appear to be in the ascendant. It does not seem to me to be necessary that this should be so, but it does seem to be probable.*

*“There is, at the moment, no party, group, or individual possessing at once the power, the knowledge, and the will, which would transmute the growing social unrest and resentment (now chiefly marshalled under the crudities of Socialism and Communism) into a constructive effort for the regeneration of Society. This being the case, we are merely witnesses to a succession of rear-guard actions on the part of the so-called Conservative elements in Society, elements which themselves seem incapable, or undesirous of genuine initiative; a process which can only result, like all rearguard actions, in a successive, if not successful, retreat on the part of the forces attacked. While this process is alone active, there seems to be no sound justification for optimism; but it is difficult to believe that the whole world is so bereft of sanity that a pause for reflection is too much to hope for, pending a final resignation to utter catastrophe.”<sup>191</sup>*

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## References:

[1] *The Douglas System of Social Credit: Evidence Taken by the Agricultural Committee of the Alberta Legislature Session 1934* (Edmonton, Alberta: W.D. McLean, King’s Printer, 1934), 122.

[2] C.H. Douglas, “Liberals and Beveridge”, *The Social Creditor* Vol. 14 No. 1 (Saturday March 10th 1945), 3.

[3] C.H. Douglas, “Money: An Historical Survey”, *The Fig Tree* No. 2 (September 1936), 23.

[4] Cf. “Social Credit as Toryism” <https://www.socred.org/s-c-action/social-credit-views/social-credit-as-toryism>

[5] <https://alor.org/New%20Times/pdf/NT2823.pdf>

[6] [https://alor.org/Storage/Library/PDF/Butler\\_ED-Achilles\\_Heel.pdf](https://alor.org/Storage/Library/PDF/Butler_ED-Achilles_Heel.pdf), 3. Ibid., 3-4: “I have read extensively, and with much benefit, from American conservative journals, including those dealing with ‘Christian economics,’ but I have yet to read one article indicating a clear grasp of how the finance-economic system actually works. I have read many excellent articles on the importance of the consumer control of production through the ‘money vote,’ but no examination of where or how these ‘money votes’ originate, and whether modern industry automatically distributes sufficient to meet the total prices of the goods produced by industry. I have studied articles on the astronomical private and public debt structure, but those conservatives deploring this, and rightly so, appear to be ignorant of the fact that without an alternative to a progressive expansion of the community’s money supply through progressive debt, the American economy, like every other modern economy, would collapse in complete chaos. No alternatives for expanding purchasing power without debt are offered.”

[7] In contradistinction to the Jefferson’s aphorism, I think a Tory Social Creditor might say something like: “That Government is best which governs rightly, i.e., in line with the Canon.” “Governing to the least degree” as Liberal ideologues prescribe only means that the most powerful private individuals and organizations will be in a position to impose their own self-serving rules on everyone else, since nature abhors a vacuum. ‘Freedom’ then becomes privatized as the real possession of the few, whatever the Liberal might proclaim to the contrary in theory.

[8] Unlike Liberalism which tends to worship abstract ‘freedom’, Toryism recognizes that the due scope of individual freedom lies within a broader context of functionality. That is, the individual should have as much freedom as is compatible with a functional social order and not be granted, therefore, ‘freedoms’ that are incompatible with functional necessities. For, when things, like the economy, don’t work properly, almost everyone suffers a concomitant loss of real or concrete freedom.

[9] <https://www.socred.org/images/douglas-archives/Social-Credit-by-Major-Clifford-Hugh-Douglas.pdf>, 76.

**THE DOUGLAS CURE FOR THE ECONOMIC ILLS by Gorham Munson**  
**Part One: *The New Age* – June 22, 1933 – No. 2128 – Vol. LIII. – Page 93-94**

[Mr. Munson, well-known American literary critic, in now the American representative of *The New English Weekly*.]

There is living in London today a gentleman who departs as widely as possible from the revolutionary type and who is yet regarded as profoundly revolutionary by thousands of followers in the British Isles and in the Dominions. A cousin of Lord Weir and a graduate of Cambridge, he looks like a British squire, stocky, ruddy of complexion, well groomed, and his temperament is Tory, as one might expect. There is not a trace of the fanatic about him. He has written books in a style marked by great condensation and understatement. He has worked hard at his profession, engineering; he has made inventions whose royalties now give him a comfortable life; he has a military title gained as assistant director of the Royal Aircraft Works during the World War. He enjoys fishing and yachting. He is a patriot.

Yet to this man, Major C. H. Douglas, the following tribute has been recently paid by a weekly devoted to spreading his ideas: "Adam Smith was the first great political economist. Since his day there have been only two others, Karl Marx and Major Douglas. All the rest have been and are "economists" without political sense or vision. Adam Smith for capitalism; Karl Marx for communism; Major Douglas for economic democracy."

Major Douglas began his career in India in the early part of the century. He was considered a brilliant engineer and was in charge of the Westinghouse interests. By profession he was trained to grapple with physical difficulties, but he soon found that in any undertaking assigned to him there were financial anomalies to contend with which were far more effective in impeding his work than physical realities he faced. The Controller General of India was a friend and at dinner used often to dwell on financial anomalies, invariably concluding his remarks with the statement that gold and silver have very little to do with the industrial situation while credit had everything to do with it. Major Douglas has since confessed that at the time "credit" was a word without meaning to him, but all the same the Controller General gave his mind a focus that it has never lost.

Just before the outbreak of the War, Major Douglas returned to England to do some railroad building. The war was a series of revelations to him, culminating in the great revelation, according to his followers, of the mathematical defect in national loan accountancy which results, along with other better known causes such as saving, in a chronic insufficiency of purchasing power. This defect he has sought to express in what is known

as the "A plus B theorem," which, it is claimed, has never been refuted. It can be claimed, too, that it has never been accepted, and is still, as it was when first propounded, a matter for sharp controversy.

To explain this theorem Major Douglas represents as A the flow of purchasing power to individuals (wages, salaries, and dividends), and points out that all A payments go into price. But there is another class of payments represented by B, which are made not to individuals but to organisations (banks charges, taxes, raw materials, overheads of one description or another), and these also enter as costs into price. Hence the rate of flow of price cannot be less than A plus B. Obviously, A cannot purchase A plus B, and a proportion of the product at least equivalent to B must be distributed by a form of purchasing not comprised in A. That form of purchasing power consists of money created by the banks to finance capital production. It is regarded as borrowed from the banks, and therefore, in order that it may be repaid, it is charged into the price of consumers' goods.

The practical outcome is that the population of the world cannot purchase the goods already in existence without engaging in the further production of goods that are not and may never be required. The people's current income must meet in retail prices the accumulation of costs, both current and past, and the point to be emphasised is that money issued as a bank loan to industry has usually been recovered by the bank and destroyed before the goods have come on the market; this destroyed money is a cost carried on from a previous stage of production. It is about this time-factor or time-lag of goods behind credit-issue and credit-recall that most of the disputation over the A plus B theorem occurs. The Douglas argument, in the words of D. W. Burbidge, is that "in effect the prematurely destroyed credit or money must be recreated by the banking system and issued on behalf of consumers at the rate at which the B or overhead charges of industry are reckoned into prices of consumable goods."

The other things Major Douglas especially noted during the war were the flexibility of the financial system when for once the prime insistence was on the prompt delivery of goods, the facility with which industry, thanks to science, met the demands made upon it even with the best part of the productive population drafted into military service, and, finally, the rising standard of living for the whole community while the fight was going on. When "peace broke out," as some wit has said, Major Douglas was astonished to hear from all sorts of official voices that England was a poor nation. Accustomed as an engineer to look at physical things, it

seemed to him that on the contrary the capital recognition of England had been immense and she was anything but a poor nation. So Major Douglas began to write in 1918 articles for *The English Review* attacking what he considered to be the fallacy of super-production and arguing that the real wealth of England was still great.

Basing his proposals on “consumer-credit,” he urged that a direct attack be made on the problem of consumption. The Labour reformers were all treating production as the prime problem and thought the economic solution lay in changing the administration of production or, as it is more common to say, in socializing the means of production. But to Major Douglas production by private enterprise was a success. Whatever the sins of capitalism might be, inability to produce a glut of goods and services was not one. Industry, however, as the A plus B theorem demonstrated, could not distribute sufficient purchasing power to the community to enable it to claim industry’s total output. By mathematical law money must be in short supply. There is only one way out, Major Douglas concluded, and that is to issue credit to the consumer in the form of a scientifically determined discount on retail price when a sale is effected. In short, by a reform in the distributive (money) system he proposed nothing less than the continuous selling of goods below their apparent financial cost but at their true cost – and provided a method whereby the seller could be reimbursed for the amount he was out of pocket. This was to be done by debiting the National Credit Account.

Inasmuch as Major Douglas’s contention is that our entire financial system is upside down in an age of technology, dominating industry instead of being its handmaid, practically all his proposals are simply for turning existing financial axioms and devices right side up “consumer credit,” for example, instead of “producer credit.”

After writing his articles in *The English Review*, Major Douglas began to explain his ideas in *The New Age*, a London weekly, edited by A. R. Orage. This magnetic figure in English intellectual life had been affected by the currents of social reform in England during the ‘90’s, and for a time was a member of the Fabian society. When, however, in 1907 he took over *The New Age* he soon made it the organ for the National Guilds movement. He and A. J. Penty had formulated independently the leading ideas of guild socialism, and for the next twelve years these ideas were pushed so hard by them and their adherents that G. D. H. Cole once referred to the period 1910-14 as the “Orage period” in British economics.

After about a year of consideration Mr. Orage announced himself, to the consternation of Guild Socialists, as unhorsed by Major Douglas and thereupon joined forces with him. From 1919 to 1922 Major Douglas and Mr. Orage made determined efforts to get

the Social Credit scheme considered and adopted. The depressed post-war situation in England was favourable to them; they early gained some brilliant adherents, among them Will Dyson, famous for his savage political cartoons; they saw behind the scenes a great many people of importance and sought to win them. Two books by Major Douglas appeared: *Economic Democracy* (1920), which was also published in America, and *Credit-Power and Democracy* (1921), which contained a draft scheme for the mining industry and a long commentary on it by Mr. Orage. But these efforts were in the main doomed to failure. The first chapter of the Social Credit movement ended with the adverse report of the British Labour Party and the departure in 1922 of Mr. Orage to Fontainebleau to study advanced psychology.

The impetus for the British Labour party’s investigation of Social Credit came from certain elements in the Scottish Labour groups, which in 1920 became interested in Major Douglas’s draft scheme for the mining industry. In January, 1921, the Scottish Labour Advisory Committee advised the central executive committee of the Miners’s Federation to investigate this scheme. “We are convinced,” the committee said, “that bank credits are one of the main constituents – if not indeed the main constituent – of selling prices; and that no final solution of the problem is possible that does not bring the issue of credit and the fixing of selling prices under the community’s control.” The central executive of the Miners’ Federation referred the whole matter to the Central Labour party executive, and this body appointed a committee to look into what they termed the “Douglas-New Age Credit Scheme.” The Frank Hodges, F.B. Varley, G. D. H. Cole, Hugh Dalton, J. A. Hobson, C. M. Lloyd, Sir Leo Chiozza Money, R. H. Tawney and Arthur Greenwood (secretary), met on May 24, 1921, and invited Major Douglas and Mr. Orage to appear before it.

The authors of the scheme, however, objected to the personnel of the committee. They contended that only Mr. Hodges had any direct knowledge of coal mining or any experience either of the concrete problems of business management or of the operations of practical finance, and that the majority of the committee was already committed to the support of economic dogmas expressly challenged by Social Credit. They then proceeded to suggest the kind of committee before which they would be glad to appear, but their lack suggestion was rejected.

Without hearing Major Douglas and Mr. Orage, the committee prepared a report and issued it sixteen months later, condemning the Social Credit scheme. The report declared that the statement that the rate of flow of purchasing power into the hands of consumers is not and never can be adequate to purchase the goods available to them was fallacious.

*(Part 2 continued next page)*

The second chapter of the Social Credit movement in England may be dated from 1922 to 1930. Mr. Orage passed most of his time in America as an expositor of the self-development school of psychology established by G. I. Gurdjieff at Fontainebleau. Major Douglas lectured and wrote two additional books: *The Control and Distribution of Production* (1922) and *Social Credit* (1924). Arthur assumed the editorship of *The New Age*. Under him it continued its advocacy of Social Credit, but its circulation fell away and it shrank in size. A few other Social Credit periodicals managed to exist, and a number of books and pamphlets were published, probably the best of these being *This Age of Plenty* by C. Marshall Hattersley. One other thing should be included in the record of this, the second stage of Social Credit as a movement. In 1927 the Kibbo Kift (a Cheshire word meaning “strength”) adopted Social Credit as its economic program. Previously, the Kibbo Kift had been a post-war youth movement in England devoted to camping, handicraft and world peace, but without a definite economic objective.

The third, and the most rosy, chapter of Social Credit opens in 1930 with the appearance of Major Douglas before Lord Macmillan’s Committee on Finance and Industry. This was important recognition, and since then the ideas of Major Douglas have come to the fore in circles of intelligent discussion. The Social Credit press in England has expanded. *The Front Line*, the organ of the Kibbo Kift, *Purpose*, a quarterly edited by W. T. Symons and Philip Mairet, and the *British Crusader*, published at Coventry, are examples. Furthermore, Mr. Orage has returned to London and thrown himself into the battle with a new paper, *The New English Weekly*.

The Kibbo Kift has added colour. In association with the Legion of the Unemployed organized by George Hickling of Coventry, they have become known as the Green Shirts. They stand for discipline and action, take Fascist and Communist groups as models in respect of discipline. They hold street corner meetings and appeal directly to the working class, signaling their fraternity with the workers by marching as a uniformed unit in the hunger march on London. The leader of the Kibbo Kift, John Hargreave, is a forceful, vivid personality. However, there is disposition on the part of many Social Credit adherents to regard the Kibbo Kift as the Boy Scouts movement.

The recent rapid spread of the Douglas ideas in England, however, is due to the Marquis of Tavistock, who is the head of the National Credit Movement. He has succeeded in inducing a number of credit-reformers to join hands on certain issues whereon they are agreed, and the meetings he has organised have been well attended. Over 10,000 Englishmen, among them some

of England’s keenest brains are convinced that Social Credit is the only way out of the present difficulties, and they have the comfort of knowing that their scheme has been studied by the British Treasury and the Bank of England for possible emergency use.

In Scotland, apart from a weak Scottish nationalist movement which has become friendly toward the Douglas proposals, the principal event has been the publication in the *Glasgow Evening Times* (March 11, 1932) of the Scheme for Scotland drafted by Major Douglas and the discussion and the well-attended lectures that ensued. In South Africa there are Social Credit groups, and the subject gets into the Press, but here again the movement is weak. In Canada, particularly in the farming region of Alberta, there is an active Social Credit party, and they have actually succeeded in electing members of Parliament.

For the pyrotechnics of Social Credit, however, we must go well around the globe to New Zealand and Australia. There are no less than sixteen Social Credit members in the New Zealand Parliament, and for their leader they have a remarkable orator, Captain Rushworth. “Given the chance to apply Social Credit to New Zealand,” he declared in a recent speech, “I will guarantee to establish prosperity within three months, with a shooting-party as the penalty for failure. I stake my life on the remedy.” There are three Social Credit papers in New Zealand: *Farming First*, with the motto, “More goods for Less Money”; *God’s Own Country (and the Devil’s Own Mess)*, and *Plain Talk*.

In Australia there are now a thousand Douglas Credit Societies and over one hundred thousand solid supporters – a high number when we consider the population of Australia. Australia in fact made an early start when in 1921 Professor Irvine, holding the economics chair in the University of Sydney, set Major Douglas’s *Economic Democracy* as the textbook for honours in economics, and when in 1922 E. Jerdan gave twenty-five lectures on Social Credit to the Sydney University tutorial classes. From these academic beginnings the movement grew slowly and then with a rush in recent years, during the battle between Premier Lang of New South Wales and the banks. Its leading weekly, *The New Era*, has a circulation of seventeen thousand; lecture audiences number up to two thousand; radio talks occur with frequency. Even the economic advisor of the Commonwealth bank, Professor Copland, has publically debated on Social Credit and pamphleteered against it. On the other hand, the New South Wales Government has recently promised to make an official inquiry into the subject.

Even higher hopes for the adoption of Social Credit are placed on President de Valera of the Irish Free State.

It has been known, for several years that he was studying the Social Credit scheme, but what he thought of it no one knew. Now, Social Credit thinkers see in his recent policy of economic self-sufficiency signs of gravitation toward the principles of Major Douglas. "Mr. de Valera," Mr. Orage recently wrote, "is the first Prime Minister in all history who understands the principles of Social Credit and shares its economic ideals. And he is not the man, we believe, to shirk the responsibility or miss the occasion for making a momentous contribution to the world's peace and progress."

In the United States the movement is still very young. Of the six or seven American groups the most active are the New Economics Group of New York and the San Francisco group organised by Dr. T. Addis of the Stanford University Medical School. The New York group has issued a pamphlet, *Financial Freedom for Americans*, modelled on Samuel Adam's idea of a committee of correspondence, and it has prepared a plan for the State of New Jersey, which has been submitted to New Jersey officials and the Chambers of Commerce of that State.

Major Douglas's central ideas cannot be put into melodramatic language or simple slogans, such as usually inspire popular revolutionary movements. He claims to be a technician, asserts that there is a technical flaw in the price system and prescribes a technical remedy. Furthermore, he himself has played no organising part in the whole movement here described. He is officially connected with none of its papers or societies and holds himself aloof from political propaganda. If the British government should in desperation call on him, he would advise the following steps be taken: (1) The setting up of the national credit account, (2) the distribution of national dividends to all, and (3) the institution of the scientific price calculus. The first step would enable the community to convert its real credit into financial credit. Major Douglas claims that now financial credit should but does not reflect real credit (defined as the correct estimate of a nation's ability to deliver goods and services as, when and where required). The second step looks toward the supersession of the wage system by dividends based on an unclaimed cultural legacy, the "state of the industrial arts," Veblen called it. The third step involves the scientific regulation of price in accordance with the physical realities of production and consumption. What Major Douglas contemplates is a

bookkeeping revolution which will, he claims, expand the volume of money and lower prices simultaneously. No confiscation, no expropriation, no "nationalising" of the banks, no class war, no political revolution is proposed – nothing but the transforming of finance from a veil to an accurate mirror of industrial facts. And the consequence of this bookkeeping revolution? According to his enthusiastic followers, it will inaugurate the "Age of Economic Democracy" marked by the distribution of plenty and leisure. The chief objection they encounter is that the Douglas prophecy is too good to come true.

A very interesting Utopian novel could be written showing concretely the working of the Douglas scheme. It would describe the United States, Inc., in which each citizen was a shareholder, receiving a national industrial dividend, computed according to the real wealth of the nation. Armed with this free purchasing power, he would visit the shops for his cigarettes, magazines, shoes, food; he would meet his obligations to landlord and telephone company; he would seek places of recreation – and everywhere he would encounter reduced prices for consumers' goods, the prices, let us say, being one-half of what they had been and the reduction being calculated by discovering the ratio of total consumption in the previous accounting period and total production. Thus, not only would the shareholder-citizen have more money but at the same time, because of lowered prices, it would go much farther.

The retailer would perhaps at first find the lowered price perplexing and disturbing. But his goods would be moving at a much-quicken rate out of his shop, and behold! When he deposited the sales receipts at his bank, the bank marked up his deposits to twice what he put in and charged the national credit account. He would be making more profit because he would be selling more goods at a faster rate. The wholesaler would be flooded with orders; the wheels would turn. If our novelist had a robust sense of life and genuine delight in merriment, he might make much of this picture of a society governed by the new principle adequate purchasing power for all and the devil take the reckless, setting it in contrast with the drab novels picturing society debased by the working principle of insufficient purchasing power for the community and the devil take the hindmost. He might be applauded for this gift of fantasy – but the persons in the movement described in this article stoutly maintain that his fantasy can become actuality. \*\*\*

## **EVEN THE KING MAY NOT ENTER! 1944**

It has been said that "an Englishman's home is his castle," and that no one may enter it without authority — that his person and property, are inviolate in the law. There are, alas, tendencies at large today, working subtly and insidiously, to under- mine this sanctity of the person and his property.

Just how precious these rights are we will never really know until they have been filched away — that is, if our vigilance is so lax as to allow that! The contrast, which the British tradition affords with that of other countries, made a great impression upon Princess Alexandra Kropotkin when in London.

Recently she contributed the following to the New York "Herald Tribune":

Many years ago, in a modest brick villa near London, we were living the unharried life for which my parents had taught me to have deep gratitude — for father was an exile from Russia, and had known what it is to be under surveillance by the Czar's secret police.

One evening we went to a political rally. The meeting lasted until nearly midnight. At our front door, when we reached home, stood an officer of the law.

I was terrified. I had believed father's freedom couldn't be threatened in this democratic land. But the sight of that constable made me certain that even here implacable tyranny had caught up with us again.

And then I learned a great lesson about England. I heard what that bobby said.

"We was walking our rounds, and we saw your front entrance open, sir. We rang the bell, but there didn't seem to be anyone at 'ome. We thought as 'ow the premises might 'ave been broken into."

"Have you searched inside?" asked father.

"Oh, no, sir!" The policeman was shocked. "We 'aven't a warrant. We can't go barging into people's 'omes without a legal paper. That's against the law, sir."

"But the door wasn't locked," said father.

"Makes no difference," replied the bobby. "We aren't allowed to walk in merely on account of the door being open."

I went out and gazed at our front door. I trotted round to the garden and studied our back door. Neither appeared to be especially massive, yet I saw them now with a new understanding of their strength. For they were English doors. The law had fortified that place, however humble, which you called home. Your body and your soul are safe behind an English door. Over a century and a half ago this great concept was brilliantly stated by William Pitt, Earl of Chatham, who said:

"The poorest man may in his cottage bid defiance to all the force of the Crown. It may be frail; its roof may shake; the wind may blow through it; the storms may enter, the rain may enter, but the King of England cannot enter; all his forces dare not cross the threshold of the ruined tenement."

The constable at our door led me to appreciate the heritage of personal freedom. How scandalised he was, even to think of imposing his authority over our private rights!

I have remembered him through the years, whenever I have heard doubts pronounced concerning England's democracy. Now in these dark days I find hope renewed for a decent world each time I think of him.

*The New Times* Vol.10.No.6. , February 11, 1944

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